

VZCZCXRO0627
PP RUEHDBU RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHNC #0975/01 1771348
ZNY CCCCC ZZH
P 261348Z JUN 06
FM AMEMBASSY NICOSIA
TO RUEHC/SECSTATE WASHDC PRIORITY 6270
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUCNDT/USMISSION USUN NEW YORK 0578

C O N F I D E N T I A L SECTION 01 OF 03 NICOSIA 000975

SIPDIS

SIPDIS

E.O. 12958: DECL: 06/25/2016
TAGS: [PGOV](#) [PREL](#) [EUN](#) [EU](#) [TU](#) [CY](#)
SUBJECT: "TRNC" LOCAL ELECTIONS: SERDAR DENKTASH BIGGEST
WINNER

REF: A. NICOSIA 935

[1](#)B. NICOSIA 203

[1](#)C. 05 NICOSIA 1883

Classified By: Ambassador Ronald L. Schlicher, for reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY. Turkish Cypriots voted on June 25 for two empty seats in the "parliament," as well as for mayors and local officials in the north's 28 municipalities (ref a). While the ruling CTP of "President" Talat won both empty seats, they suffered serious setbacks at the municipal level, losing control of Nicosia to a candidate from the DP of Serdar Denktash. The main opposition UBP suffered even worse losses, and saw the overall number of municipalities in its control drop by more than one third. The DP's unprecedented victory in Nicosia marks a milestone in Serdar's attempts to displace the UBP as the main party on the nationalist right, but the DP still has a long way to go if it is to break out of its perennial third-place position. The UBP's poor showing will probably trigger another leadership struggle in the beleaguered party. Despite some post-election posturing by both Soyer and Serdar, the current CTP-DP partnership seems unlikely to break up, although tense discussions are likely over what portfolio changes -- if any -- would be appropriate in light of each party's electoral successes. These elections, which focused heavily on local issues, are unlikely to cause any significant shift in Turkish Cypriot macro-policy on the Cyprus problem, although the strong showing of Serdar's DP is in part a reflection of Turkish Cypriots' growing impatience with Talat's previously flexible line. The advent of a nationalist mayor in Nicosia (who is also rumored to be terribly corrupt) may pose difficulties for many of the UN-brokered development and cultural heritage programs the USG finances in the city, as well as overcoming the impasse on opening Ledra Street. END COMMENT.

CTP DOES WELL IN "PARLIAMENT"...

[1](#)2. (C) June 25 elections in the "TRNC" yielded mixed results for the ruling CTP. The party of "President" Talat and "PM" Soyer picked up both empty seats in the "parliament," increasing its overall number of "MPs" to 25 (out of 50). CTP insiders credit their relatively comfortable by-election victories to a well-financed campaign machine and a hopeful, forward-leaning message on "national" issues (such as relations with the EU). Optimistically, they point to the relatively high turnout (75 percent) as evidence that voters have not lost their enthusiasm for the CTP's pro-solution rhetoric and policy goals. Observers outside the party, however, note that the party faced unusually anemic competition for the open seats -- suggesting that the CTP's by-election clean sweep reflects less of an enthusiasm for the party than the lack of a credible alternative.

13. (C) While the CTP's new 25-seat tally will not be enough for them to rule alone, it does eliminate the possibility of any other combination of parties pushing the CTP out of "government." The CTP's two new seats also give Soyer the theoretical option of ditching his coalition partner, the nationalist DP of Serdar Denktash, and seeking to form a partnership with other parties or individual defectors.

14. (C) Sources close to both Soyer and Serdar suggest that this is unlikely, however, despite the open friction between the two men. The current 32-seat CTP-DP coalition is the most mathematically stable possible arrangement. And although the "PM" and "DPM" spar openly over Cyprus policy, they have developed a live-and-let-live approach to other issues of government -- an arrangement both are reluctant to disrupt. Still, insiders from the CTP have hinted they may try to capitalize on their improved parliamentary position by seeking concessions from Serdar, either by taking back one of his "ministerial" portfolios or assuming control of sub-cabinet agencies.

... BUT SERDAR'S DP GAINS AT THE LOCAL LEVEL

15. (C) CTP's success in "parliament," however, was overshadowed by DP gains at the municipal level, especially the victory of businessman-turned-politician Cemal Bulutoglulari in the Nicosia "mayoral" race. Although the CTP increased the overall number of municipalities under its control from 5 to 8, the loss of the capital and largest city was a severe blow. Despite a reputation for corruption and thuggishness, Bulutoglulari narrowly defeated the incumbent CTP "mayor" Kutlay Erk with a splashy campaign that made several expensive (and implausible) promises, while playing on voters' sense that Erk devoted more time to his role as

NICOSIA 00000975 002 OF 003

CTP's globe-trotting foreign affairs spokesman than to fixing the city's abysmal public services.

16. (C) DP gained elsewhere, increasing the total number of municipalities it controls from 4 to 7. The party also came within one vote of victory in Dikmen, and within 15 votes in the UBP stronghold of Iskele. DP may emerge victorious in these municipalities if recounts go their way. (COMMENT: Challenges must be filed within 24 hours, so recounts can be completed in time for the new "mayors" to take office on June 29. END COMMENT.) Serdar, who celebrated the Nicosia victory with a joyous speech and fireworks, claimed that the DP's electoral success proved that his party was well on its way to displacing the UBP as the largest party on the right. He also threw down the gauntlet to the CTP, suggesting that any attempt to alter the coalition at his expense would trigger a government collapse and early elections.

17. (C) But skeptics are quick to point out that, despite its heady buzz in Nicosia and a handful of smaller towns, the DP has a long way to go before it breaks out of its traditional number-three position "nationwide." The party barely registered in mayoral races in Famagusta, Kyrenia, and Morphou, and was never seriously in the running for either of the "parliamentary" seats. As one journalist noted, the Nicosia race was about controversial and colorful local personalities; the DP does not yet have the sort of credible grassroots organization necessary to sustain its upswing.

UBP REELING

18. (C) The UBP was the biggest loser in this race. It failed to mount a credible challenge for either open "MP" spot, and saw an overall reduction of over 30 percent in the number of municipalities it controls (from 16 to 10). The party had only a handful of solid victories, including Morphou (Guzelyurt), where the popular incumbent trounced his DP and CTP challengers. The only other comparatively bright spot

was Famagusta, where a UBP candidate came unexpectedly close to unseating the popular CTP "mayor."

¶9. (C) Most observers agree that the UBP's losses were crippling, however, and party insiders expect pressure will mount for the young, inexperienced Huseyin Ozgurgun to step aside as party chairman. A leadership struggle between (somewhat more) moderate UBP'ers and hard-line nationalists led by the (somewhat more) charismatic Tahsin Ertugruloğlu seems likely at some point in the future (ref b).

COMMENT - SO WHAT?

¶10. (C) It seems unlikely that the June 25 elections will produce any immediate changes in Turkish Cypriot policies on the Cyprus question. For one thing, the most important elements of Cyprus policy -- such as how and when to engage with the UN -- are largely matters for "President" Talat to work out, either on his own or with Ankara. Nonetheless, the "PM" and cabinet do make policy decisions with broader implications, such as how "TRNC" officials should help or hinder trade across the Green Line. But although minor changes in the cabinet are possible, a major shift in the "government's" overall approach to these matters is unlikely. The momentum gained by the DP (in Nicosia) and the gains made by the CTP (in "parliament") could well cancel each other out -- resulting in a continuation of the "government's" uneasy balance between pro-solution instincts and nationalist impulses, both here and in Ankara, that increasingly hold them in check.

¶11. (C) Ironically, the local elections -- especially in Nicosia -- could have a greater immediate effect on U.S. interests. The victory of a DP candidate who shares Serdar's nationalist agenda could complicate USG-backed initiatives like the Nicosia Master Plan, which are most successful when authorities on both sides show pragmatic flexibility on joint projects. Bulutogullari seems even less likely than his predecessor to come up with creative solutions to problems like the Ledra Street impasse (ref c), and more likely (if rumors are true) to use his office to further his own business interests and help Serdar distribute patronage.

¶12. (C) Turkish Cypriots appear to have lost the idealistic enthusiasm for Europe and reunification that led them to give such overwhelming support to avowedly pro-settlement forces in previous elections. The CTP's pro-solution rhetoric got much less mileage than it has in the past, while Serdar's rejectionism no longer seems like much of an electoral liability. If this election has any significance beyond local issues, it is as a barometer of Turkish Cypriot

NICOSIA 00000975 003 OF 003

disappointment over the Cyprus stalemate, and the resulting resurgent nationalism. END COMMENT.
SCHLICHER